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GOVERNOR

DEPARTMENT OF CONSERVATION
STATE OF CALIFORNIA

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NOTICE

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To: All Interested Parties

Subject: 2005 Processing Payments, Processing Fees and Supplemental Processing Payments

Section 14575 of the Public Resources Code (PRC) requires the Department of Conservation (Department) to establish a processing payment and a processing fee for any beverage container type that has a scrap value less than the cost of recycling. (The Department makes processing payments to processors. Processors pay recyclers the entire processing payment. Beverage manufacturers pay processing fees to the Department.) This Notice announces the 2005 processing payments and processing fees.

Pursuant to PRC Section 14575, the calculation of the 2005 processing payments and fees is based on the difference between the scrap value offered to recyclers and the sum of the actual cost for certified recycling centers, excluding centers receiving handling fees, plus a reasonable financial return.

Scrap values are based on the average scrap values paid to recyclers for the period between October 1, 2003 and September 30, 2004.

Other than as specified in Section 14575(f), Section 14575(e) provides that a processing fee will equal 65% of the processing payment. Section 14575(f) provides that a processing fee be equal to a specified percentage of a processing payment based on the recycling rate for the specific material.

Section 14575(k) directs the Department to reduce total processing fees for glass and PET plastic if sufficient surplus funds remain in the respective processing fee accounts and if the calendar year recycling rates equaled or exceeded 45 percent in the preceding calendar year. Based on the 2003 calendar year glass recycling rate the glass processing fee has been reduced.

SUPPLEMENTAL PROCESSING PAYMENTS: PRC Section 14575.5(a) requires the Department to establish a supplemental processing payment for glass, #1 PET and #2 HDPE, to be paid to a processor, who shall pay the entire supplemental processing payment to a certified recycling center, dropoff or collection program, or community service program that receives processing payments pursuant to PRC Section 14575. The supplemental processing payments for each of the three container material types are set in statute at glass \$40.86; #1 PET \$182.54; and #2 HDPE \$228.75, to be effective for the 12-month period from July 1, 2004 through June 30, 2005. The supplemental processing payment for each container material type is in addition to the regular processing payment. The statute does not provide a supplemental processing payment for bimetal and plastic resins #3 through #7.

The Department has determined that the supplemental processing payments will be calculated with the newly published processing payments and paid together. The table below reflects the Total Processing Payment – the sum of the newly published processing payment and the supplemental processing payment in tons and pounds. The total processing payments for glass, #1 PET and #2 HDPE effective January 1, 2005 and in effect until June 30, 2005 are as follows:

Total 2005 Processing Payments			
Material Types	GLASS	PET	HDPE
2005 Processing Payment (tons)	\$81.58	\$284.87	\$492.43
Supplemental Processing Payment (tons)	\$40.86	\$182.54	\$228.75
Total Processing Payment (tons)	\$122.44	\$467.41	\$721.18
Total Processing Payment (pounds)	\$0.06122	\$0.23371	\$0.36059

Table I, attached, shows the following for glass, plastic and bimetal beverage containers:

- The cost of recycling
- The scrap value paid to recyclers
- The processing payment (if any)
- The supplemental processing payment (if any)
- The total processing payment (if any)
- The processing fee payable by manufacturers (if any)

The processing payments and fees shown in Table 1 become effective January 1, 2005.

Note to certified recycling centers: If a receipt and log period overlaps the January 1, 2005 effective date of the adjusted and supplemental processing payments, one DR-6 should be filled out for the period through December 31, 2004 and another DR-6 filled out for the period beginning January 1, 2005. Failure to separate the reports may delay your payment and the Department of Conservation will only reimburse payment at the lower processing payment for the entire reporting period.

To review notices of changes impacting participants in the beverage container recycling program, please visit the Department of Conservation's Beverage Container Recycling Program home page on the Internet at <http://www.consrv.ca.gov/DOR/index.htm> or call the Division of Recycling at (916) 323-3836.

For further information on processing payments and processing fees, please contact Chuck Seidler, Market Research Branch, Division of Recycling, at (916) 327-7599.

Debbie Sareeram
Interim Director

Attachment

Table I										
2005 Processing Payments and Fees and Supplemental Processing Payments										
Effective January 1, 2005										
Glass, Bimetal and Plastic										
	Glass	Plastic							Other	Bimetal
		PET	HDPE	Vinyl	LDPE	PP	PS			
Cost of Recycling per Ton with Reasonable Financial Return and COLA	\$84.83	\$509.80	\$686.54	\$1,131.49	\$3,534.05	\$1,571.80	\$6,523.39	\$807.09		\$540.15
Scrap Value per Ton	\$3.25	\$224.93	\$194.11	\$13.78	\$0.10	\$3.19	\$105.03	(36.98)		(\$2.56)
Processing Payments to Recyclers										
Processing Payment Per Ton Redeemed	\$81.58	\$284.87	\$492.43	\$1,117.71	\$3,533.95	\$1,568.61	\$6,418.36	\$844.07		\$542.71
Supplemental Processing Payment Per Ton Redeemed	\$40.86	\$182.54	\$228.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
Total Processing Payment Per Ton Redeemed	\$122.44	\$467.41	\$721.18	\$1,117.71	\$3,533.95	\$1,568.61	\$6,418.36	\$844.07		\$542.71
Total Processing Payment Per Pound Redeemed (To be used on DR6)	\$0.06122	\$0.23371	\$0.36059	\$0.55886	\$1.76698	\$0.78431	\$3.20918	\$0.42204		\$0.27136
Containers Per Pound	1.87	12.8	5.1	9.8	39.4	8.2	69.8	7.1		8.2
Total Processing Payment Per Container	\$0.03274	\$0.01826	\$0.07070	\$0.05703	\$0.04485	\$0.09565	\$0.04598	\$0.05944		\$0.03309
Processing Fee to be Paid by Beverage Manufacturers										
Processing Fee Pursuant to Section 14575(f)	\$0.00305	\$0.00223	\$0.00869	\$0.03707	\$0.02915	\$0.06217	\$0.02988	\$0.03864		\$0.02151
Section 14575(k) Processing Fee Reduction	\$0.00059	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
Processing Fee to be Paid by Beverage Manufacturers	\$0.00247	\$0.00223	\$0.00869	\$0.03707	\$0.02915	\$0.06217	\$0.02988	\$0.03864		\$0.02151

Note: Supplemental Payments only effective until June 30, 2005.